

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding the
Implementation of the Suspension of Direct
Access Pursuant to Assembly Bill 1X and
Decision 01-09-060.

Rulemaking 02-01-011
(Filed January 9, 2002)

**ADMINISTRATIVE LAW JUDGE'S RULING
ON IMPLEMENTING SHORT-TERM PRICE PROXY
PURSUANT TO REHEARING ORDER**

This ruling initiates measures to develop and implement an appropriate short-term pricing proxy pursuant to Decision (D.) 03-06-035, which granting limited rehearing of D.03-05-034 adopting rules under which direct access customers may return to bundled service and subsequently switch back to direct access. Specifically, D.03-06-035 granted limited rehearing concerning the applicable price proxy for short-term power purchases to be paid by direct access customers returning to the utility under temporary "safe-harbor" provisions while transitioning to a new Energy Service Provider.

D.03-05-034 determined that the short-term price proxy for direct access customers returning under the "safe-harbor" provisions would be based upon the California Independent System Operator hourly ex-post incremental price. In D.03-06-035, however, the Commission granted limited rehearing on this issue, and directed that this matter be addressed through a Rule 22 Working Group Meeting. Accordingly, this ruling schedules a Rule 22 Working Group Meeting for this purpose. As preparation for the Rule 22 meeting, parties are

authorized to file opening comments concerning how a “safe-harbor” pricing proxy should be determined and what index or indices most appropriately form the basis for charging direct access customers returning under the “safe-harbor” provisions pursuant to D.03-05-034.

At the Working Group Meeting, participants will have the opportunity to seek clarification concerning opposing participants’ proposed pricing proxies and/or assumptions, etc. underlying the derivation of proposed proxies with a view toward reaching consensus. At the conclusion of the meeting, a status report shall be filed as directed in the order below.

IT IS RULED THAT:

1. Pursuant to Decision (D.) 03-06-035, a Rule 22 Working Group Meeting is hereby scheduled at the Commission’s courtroom at 505 Van Ness Avenue, San Francisco, for August 29, 2003 beginning at 10:00 a.m. to identify parties’ positions, exchange information, and seek consensus as to an appropriate short-term price proxy for charging direct access customers temporarily returning to utility service under the “safe harbor” provisions adopted in D.03-05-034.

2. In preparation for the Rule 22 meeting, parties are authorized to file opening comments concerning how a “safe-harbor” pricing proxy should be determined and what index or indices most appropriately form the basis for charging direct access customers returning under the “safe-harbor” provisions pursuant to D.03-05-034. These comments shall be filed on August 22, 2003.

3. At the working group meeting, participants shall coordinate the filing with the Commission’s Docket Office of a status report on the results of the meeting either indicating either consensus (if concurrence is reached) on a pricing mechanism to be used for billing direct access customers for short-term power under the temporary “safe harbor” provisions of D.03-05-034, or for the

filing of separate proposals by participants in the event that no consensus is achieved. The status report shall be filed within 10 business days following the conclusion of the working group meeting.

Dated August 4, 2003, at San Francisco, California.

/s/ THOMAS R. PULSIFER

Thomas R. Pulsifer
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling on Implementing Short-Term Price Proxy Pursuant to Rehearing Order on all parties of record in this proceeding or their attorneys of record.

Dated August 4, 2003, at San Francisco, California.

/s/ ELIZABETH LEWIS

Elizabeth Lewis

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at

(415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.